

COMMISSIONERS APPROVAL

CHILCOTT *gc*

THOMPSON *at*

LYONS *h.*

PLETTENBERG (Clerk & Recorder)

Date.....April 24, 2007

Members Present.....Commissioner Greg Chilcott,
Commissioner Alan Thompson, and Commissioner Howard Lyons

Minutes: Beth Farwell

Commissioner Chilcott attended an early morning meeting involving Airport litigation.

The Board met for a Request of Commission Action on the Roger Russ Subdivision.
Minutes of that meeting are as follows:

Ravalli County Board of County Commissioners (BCC)

Meeting Minutes for April 24, 2007

9:00 a.m.

Commissioners Meeting Room, 215 S. 4th Street, Hamilton, Montana

1. Call to order

Commissioner Chilcott called the meeting to order at 9:10 AM.

2. BCC and Staff

(A) BCC

Greg Chilcott (Present)
Alan Thompson (Present)
Howard Lyons (Present)

(B) Staff

Tristan Riddell

3. Public Meeting

(A) **Roger Russ (Russ)**

(i) Public Comment

- (a) **John Kellogg** presented the proposal to the Commissioners. He noted that he mainly agreed with the staff report. He continued, stating that he disagreed with the condition to require Lots 1 and 3 to share a common approach.

(ii) Board action on the Subdivision Proposal

(a) Board Decision

Commissioner Thompson made a motion to **conditionally approve** the variance requests from Section 5-2-2(c) (6) and 5-4-5(b) (2) to allow for multiple accesses and to allow the developer relief from improving North Burnt Fork Road to meet County standards, based on the findings of fact and conclusions of law in the staff report, and subject to the conditions in the staff report. Commissioner Thompson then made a motion to **approve** the variance request from Section 5-2-2(a)(3) to allow Lots 1 and 3 to be bisected by a public right-of-way or easement, based on the findings of fact and conclusions of law in the staff report.

Commissioner Thompson continued to motion that the Roger Russ Minor Subdivision be **approved**, based on the findings of fact and conclusions of law in the staff report as amended, and subject to the conditions in the staff report with the following amendments:

1. Condition 1 shall include a notification stating that residents within this subdivision do not currently have the right to take irrigation water out of the irrigation ditch within this subdivision. Taking water without a water right for any purpose is illegal. Residents should consult with the Montana Department of Natural Resources for questions on water rights.
2. Condition 12 shall state that the common access easement shall be extended to the northeastern boundary of Lot 2, and shown on the final plat.

Commissioner Lyons seconded the motion and the Commissioners voted 3-0 to **approve** the proposals.

The Board met for administrative issues as follows:

Administrative Assistant Glenda Wiles brought forth a Line of Credit Extension with First Interstate Bank. She noted this is the \$100,000 line of credit which is approved each

year. Commissioner Thompson made a motion to approve the line of credit extension. Commissioner Chilcott seconded the motion and all voted "aye".

The Board discussed purchasing office supplies in order to transition to five Commissioners. Commissioner Thompson made a motion to have staff purchase the necessary supplies (being frugal) including five new chairs. Commissioner Chilcott seconded the motion and all voted "aye".

Commissioner Thompson made a motion to approve of the following 2007 Fiscal Year Budget Transfers:

1. Resolution No. 3010 which is a budget transfer within the Office of Emergency Management in order to fund the printing updates of the Emergency Operations Guideline
2. Resolution No. 3011 which is a budget transfer within the Treasurers Office

Commissioner Lyons seconded the motion and all voted "aye".

The Board met for the approval of by-laws for the Fair Commission which would require the amendment of Resolution No. 1153. Present at this meeting was Fair Manager Gary Wiley. Gary presented the corrected by-laws. These by-laws also list the number of Commission members from 5 to 11 members. After discussion, Commissioner Thompson made a motion to amend Resolution No. 1153 (see Resolution No. 3012) which will include the updated by-laws. Commissioner Lyons seconded the motion and all voted "aye".

The Board met with Fair Commission Member Winn Smith in reference to a new building at fairgrounds. Winn proposed to dedicate land for construction of new building that could be utilized as a thrift shop operated by S.A.F.E. S.A.F.E. would then lease the building from the county. Winn stated he has obtained an estimate of what the total cost would be. Winn specified where the building would be constructed and also the size of the building (approx 5,000 square feet). He presented the Commissioners with a detailed plan. Winn requested the Commissioners' approval to move forward with the concept of the new building. Commissioner Thompson expressed concern regarding the use of this building as a rental. Commissioner Chilcott stated that it should be limited to non-profits/organizations. Discussion followed. Private citizen Carolyn Weisbecker asked if it's a triple net lease, also about water & sewer. Winn answered yes it is a triple net lease. Gary Wiley, Fair Manager replied the water & sewer is on fairgrounds. The Board recommended Gary sit down with Civil Counsel Alex Beal in order to work out further details bringing the issue back to the Board for further discussion.

4/24/01
4/24 minutes

DRAFT

SAFE on First MARKETING PLAN

Summary:

Supporters of Abuse Free Environments (S.A.F.E.) is a non-profit organization dedicated to decreasing the incidence and impact of domestic and sexual violence in Ravalli County, Montana. S.A.F.E. operates a variety of programs including emergency shelter and transitional housing, twenty-four hour hotline and advocacy program, children's programs, community coordination and prevention programs. S.A.F.E.'s programs provide direct service to over 400 members of the community each year and our prevention and education programs reach thousands of members of the community.

Since 2001, S.A.F.E. has been developing and operating a small thrift store. The thrift store provides S.A.F.E. with a way to manage the volumes of donations that are received from generous community members and provides a venue to generate operating funds for our various programs. Currently operating out of a 1,700 square foot rented store front, S.A.F.E. hopes to expand our thrift store over the coming year.

Thrift Store Industry:

The resale industry has been growing steadily over the last decade. In the 1980's, an era of rampant consumerism, it was not unusual to hear someone boast about how much they paid for an item. People purchased items at a rapid pace and accumulated vast amounts of "stuff." During the 1980's and early 1990's, shopping at a thrift or resale store was often embarrassing; with few people actually admitting they shopped resale. With the economic downturn of the 1990's, it became more and more important to spend wisely and shopping resale, at thrift or consignment stores, became much more commonplace. Now, resale shopping has become not just an economic necessity, but a fun way to look for bargains. It is now not uncommon to hear people boast about how little they paid for name brand, high quality items at a thrift or resale shop.

According to the National Association of Resale and Thrift Shops (NARTS), the resale industry is experiencing steady growth at a rate of approximately 5% each year. Also according to NARTS, resale is one of the fastest growing segments of the retail industry. While many retail stores are closing their doors due to economic difficulties, resale shops are thriving and expanding. To further illustrate the viability of resale stores, NARTS reports that 16-18% of all Americans will shop at a thrift store in any given year, while 19.6% of Americans will shop at an apparel store and 21.3% will shop at a major department store.

Given that S.A.F.E.'s existing thrift store, SAFE on First, has shown such success in it's first year and a half of operation, combined with the generally positive economic outlook for thrift stores in general, the time has never been better to expand SAFE on First.

Products:

SAFE on First will provide three services, or products, to the community. First, our thrift store provides an opportunity for members of the community to donate their used clothing and household items to an organization whose cause they support. Many members of the community wish to assist S.A.F.E. in our mission of decreasing the incidence and impact of domestic and sexual violence, however, they may be unable to make a financial donation or to volunteer their time on a regular basis. Donating their used clothing and other goods provides community members with a way to support a worthy cause and provides them an avenue for recycling items their families no longer need. Second, our thrift store provides a venue by which members of the community can purchase high quality clothing and household items at affordable prices, something that is a necessity for many families. Shopping at thrift stores and consignment stores no longer carries the stigma that it once did. While many families shop at thrift stores out of necessity, many others shop at thrift stores because the quality of the merchandise is high and the bargain prices create a "winning" feeling. Finally, the revenue generated by SAFE on First will provide operating funds for all of S.A.F.E.'s programs. As grant funding and donations become more difficult to rely on, non-profit organizations have begun to look for other ways to fund their programs. A for-profit enterprise such as a thrift store will allow S.A.F.E. to decrease our dependence on government grants, which are always at risk of disappearing depending on the political climate.

Originally operated as a wholly volunteer effort, SAFE on First began as a small, informal thrift store that was operated out of the garage of S.A.F.E.'s main office facility. The original "store" was comprised of 650 square feet of space with sub-par lighting and ventilation. Based on overwhelming community support, S.A.F.E. rented a store front location and opened the store in November of 2005. In March of 2007, we again expanded to rent an additional room near our current store. This room is used for processing donations and storing out of season saleable items. Currently, SAFE on First operates out of a 1,700 square foot rented facility in the Sportsman's Center on First Street in Hamilton. SAFE on First has generated over \$86,000 in sales since our opening in November of 2005. Hours of operation are Monday-Friday from 9:00-5:00pm and 10:00-3:00 on Saturday.

Our expansion will provide SAFE on First with the opportunity to expand our customer base and our products. Because our thrift store has been so informal in nature, we have done no advertising. A customer survey completed in the fall of 2004 shows that 83% of our customers found out about SAFE on First by word of mouth. An additional 8% learned about SAFE on First when they were clients utilizing S.A.F.E. services. A final 8% learned about SAFE on First by passing by the store.

Target Market:

There are two target markets for our operation-customers and those who donate items to the store. Customers are those who will come to the store, shop and purchase items. Donors are those who will bring items to be used for sale in the store.

Customers at SAFE on First generally fall into one of two categories-those that are looking for a bargain and those that shop at thrift stores due to financial need. SAFE on First aims to meet the needs of both of these sets of customers. A survey conducted of SAFE on First customers in 2004 and again in 2006 showed us that the average age of the SAFE on First customer was 52 years old. Over half of our customers shop at SAFE on First one or more times a week, with the other half of customers shopping

monthly or occasionally. The majority of SAFE on First customers are female residents of Ravalli County. A total of 75% of customers report that they shop at SAFE on First for our affordable prices, 75% report that they shop here for our quality items and 58% shop here because of financial need. Many of SAFE on First' customers are current or former clients of S.A.F.E. or they are family members or friends of S.A.F.E. clients. In keeping with S.A.F.E.'s philosophy of empowering women to improve their lives, our thrift store attempts to offer customers the opportunity to dress their families, decorate their homes, or secure needed household items at prices that fit into their family's often small budget.

Donors are recruited in much the same way as our customers, by word of mouth. As our store has grown, more and more donors have shown up at the door with items to donate. Most of the donated items are used clothing, with much of the clothing being women's professional or casual clothing and accessories, although children's and men's clothing is also donated regularly. Many donors also bring household items, such as sheets, towels and dishes. Donors are often surprised at the variety of items received at S.A.F.E. for use in our thrift store.

An expansion of SAFE on First will serve our customers and our donors well. For customers, an expansion means that the type, variety and amount of merchandise for sale will all increase. At this time, there are many items that are requested by our customers that we are unable to offer, such as furniture items. Also, we receive far more donations than we can fit into our small space, which limits the amount of clothing and household items we are able to sell. A larger space will allow us to better utilize the items our donors bring to us and will allow us to better serve our customers.

Many of the customers and donors at SAFE on First will be either individuals who have used S.A.F.E. services or those who know someone who has. In our marketing to both donors and customers, we will be sure to include S.A.F.E.'s mission statement and to let the community know that residents of our emergency shelter receive vouchers to shop in our thrift store. Transitional housing residents, who have typically passed through the crisis phase of their situations receive a discount at SAFE on First.

Competition:

To discuss competition, it is important to note the difference between the three types of resale stores. Thrift stores are generally operated by non-profit organizations and serve to raise funds for the non-profit's charitable endeavors. Most inventory items in thrift stores come from donations to the organization. Resale stores are stores which buy their merchandise from individual owners. Consignment shops offer products that are placed in the store by individual owners on a consignment basis, meaning that the owner receives 40-60% of the sale price when the item is sold and the store retains the remainder of the sales price.

In Hamilton, there are several consignment shops and resale shops. Items in these shops tend to be higher priced than those in thrift stores, due to the cost of inventory. Merchandise may also be of somewhat higher quality than in thrift stores. These stores are considered indirect competition, however, resale customers will tend to shop at thrift stores, consignment shops and resale shops to meet their families' needs.

Resale customers typically shop at all resale shops in their area for a couple of reasons. First, the prices in resale stores allow a shopper to purchase more items than if he or she were buying retail. Second, thrift stores have inventory which is constantly changing and is unique from that of other thrift stores. Many of SAFE on First' customers make the circuit of Hamilton thrift stores on a weekly basis to see what is new in the stores. Thrift store customers often know each other and visiting the different thrift store shops is, in addition to a shopping trip, a social event for many of our customers.

Direct competition for SAFE on First Thrift Store includes the Ravalli Services Thrift Store and the Commodity Center. Below is a discussion of strengths and weaknesses of each store:

Currently, SAFE on First is located on First Street in Hamilton. Our current store is packed with merchandise and storage space is non-existent, which means that donations often pile up and can at times become unsightly. Prices at SAFE on First are comparable with Ravalli Services and are slightly higher than the Commodity Center. Our customer service is above average, with 83% of our survey respondents saying that it is one of the best things about our store. The friendly atmosphere at SAFE on First – our volunteers make coffee available and often cookies as well – creates an environment that people like to spend time in and it is not uncommon that a shopper will come to the store and end up staying for over an hour to visit with other customers, chat with volunteers, even help sort donations. SAFE on First' merchandise tends to be of high quality and our inventory varies with the season. SAFE on First is currently open 14 hours each week.

Ravalli Services is operated by Ravalli Services, an organization dedicated to serving the needs of persons with disabilities. Ravalli Services is open six days per week and is also located on First Street in Hamilton. Prices at Ravalli Services are comparable to those at SAFE on First and the quality of merchandise is comparable as well.

Market Position:

Customers will shop at SAFE on First for a variety of reasons. In our customer survey, 83% of customers listed quality of items and 83% listed pricing as the reason for shopping at SAFE on First. The next item was need, which was listed by 58% of shoppers, and 33% said they shopped at SAFE on First because of the location. Sixteen percent of shoppers listed "other" as the reason for shopping at our thrift store and wrote that the "helpful people" and "friendly service" was the reason they shopped at SAFE on First.

Customers will also shop at SAFE on First because the store supports a mission whose cause they believe in. S.A.F.E.'s mission, to decrease both the incidence and impact of domestic and sexual violence is a mission that is close to the hearts of many. Each year, S.A.F.E. provides services to over 400 members of the community and many of our donors and customers have either been S.A.F.E. clients or know someone who has been.

Currently, SAFE on First is located in Hamilton on First Street, the main thoroughfare through Ravalli County. Hamilton is the county seat and primary business district in Ravalli County.

Cost and Income:

When originally founded, SAFE on First was operated wholly by volunteers and generated approximately \$12,000 each year in income for S.A.F.E. programs. Since we have expanded and opened our thrift store, we have seen both a growth in sales and in expenses. With the opening of the store, S.A.F.E. has hired three part time employees and two additional substitute clerks. The Thrift Store Manager, who works .6 FTE is paid \$8.50 per hour and other clerks are paid \$7.50 per hour. Additionally, S.A.F.E. pays a total of \$1,250 per month for rent. During our first 16 months of operation, our profit has been approximately \$1,300 per month.

As we have worked to develop and expand our thrift store, we have worked closely with the YWCA of Missoula. The YWCA of Missoula is also a program that provides services to survivors of domestic and sexual violence, however they are located in Missoula County. The YWCA has been operating a thriving thrift store for many years and recently expanded to open a second store. According to the YWCA, during their last program year, the two combined thrift stores generated over \$400,000 in gross sales. The YWCA reports a 43% profit margin, which nets the agency approximately \$172,000 in income yearly. While S.A.F.E.'s profit margin is still a great deal lower than 43%, a key difference is in the YWCA's ability to sell furniture, which brings in sales of over \$4,000 per month for the YWCA. It is expected that a larger facility would allow SAFE to sell furniture as well.

Hi Win-

I'm attaching the DRAFT SAFE marketing plan for our thrift store-I always think better more information than not enough. The information in the marketing plan might be useful for you, but please be aware that it is still very much in draft form. All the numbers are accurate, it's just still "in the works," so I wouldn't want to pass it around too publicly.

In terms of a summary, here's some information that you might find helpful:

-The store opened in 2001 and was operated wholly by volunteers until 2005. Originally, we operated out of the office garage. We moved to our current location in November of 2005. In March of 2007, we rented an additional room at the Sportsman's Complex (across the hall from the store) to use for donation processing and storage.

-Since we opened in November of 2005, we have had gross sales of \$86,646.59 and profit of \$21,574.12. Our primary expenses are payroll, rent and utilities. We have three regular part time employees and two occasional part time employees, who work to fill in when the other employees are out sick or on vacation. We pay the manager \$8.50 per hour (24 hours/week) and the two other clerks and substitutes are paid \$7.50 per hour.

-The YWCA in Missoula operates two successful thrift stores. Last year, these stores generated sales of \$402,000. Prior to their expansion two years ago, the YWCA saw sales of 283,000 per year. The YWCA sees a 43% profit margin, which is much higher than SAFE's current profit margin. The primary difference is that the YWCA is able to sell furniture, while we have not been able to do this. The YWCA averages approximately \$4,100 per month in furniture sales. The YWCA's two stores comprise a total of 14,000 square feet.

I have lots of other information-if you need anything else, please let me know. I'd also be happy to come and talk to the Fair Board when you get to that step. Thanks, Win.

Stacey